

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1118-03
Bill No.: HCS for HB 429
Subject: Energy: Public Service Commission; Utilities
Type: Original
Date: March 6, 2007

Bill Summary: Sets the maximum penalty for violating any order by the Public Service Commission relating to federal natural gas safety standards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
State School Moneys Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Federal Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Office of Public Counsel** and the **Department of Natural Resources** assume the proposal will not fiscally impact their respective agencies.

Officials from the **Department of Revenue - Public Service Commission (PSC)** state that, to the extent any additional Natural Gas Safety penalty monies would be collected, they would be placed in the State School Fund, per §386.600, RSMo, and considered as Total State Revenue.

The proposal would authorize the PSC to seek higher penalties for violations of federal pipeline safety regulations. Current penalty amounts result in the PSC receiving a reduced matching fund from the federal pipeline safety program. If passed, this legislation could result in the PSC receiving more funds from federal pipeline safety grant program and having correspondingly lower charges to the state's utilities.

Although this proposal is not a federal mandate, an item in the Pipeline Safety Grant Agreement states that the PSC is to have penalty amounts that are "substantially the same" as those for violations of pipeline safety regulations under U. S. DOT jurisdiction and this legislation would accomplish that.

Oversight will assume a \$0 to Unknown positive impact to the State School Moneys Fund as a result of this proposal. Proceeds to the State School Moneys Fund get distributed to the Local School Districts, and may result in a deduction in the state General Revenue allocation to the Local School Districts in the following year. For simplicity, **Oversight** will only show the potential revenue increase to the State School Moneys Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
STATE SCHOOL MONEYS FUND			
<u>Revenue</u> – Public Service Commission			
Penalties from violations of federally mandated natural gas safety standards	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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FEDERAL FUNDS

<u>Income</u> - Public Service Commission - Increased Federal Safety Grant Funds	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small utility businesses that violate the federally mandated natural gas safety standards could be fiscally impacted as a result of this proposal.

FISCAL DESCRIPTION

This proposed legislation requires persons, corporations, public utilities, and municipalities that own gas plants to comply with any order of the Missouri Public Service Commission that relates to federal natural gas safety standards. The maximum penalties for violations of federally mandated natural gas safety standards, which also constitute violations of the commission's rules, shall not be greater than ten thousand dollars for each violation with a maximum penalty for a continuing or related series of violations not to exceed one hundred thousand dollars.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Office of Public Counsel
Department of Natural Resources

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 6, 2007